

## Message Text

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ACTION EUR-12

INFO OCT-01 ISO-00 EB-08 CIAE-00 INR-10 NSAE-00 TRSE-00  
/031 W

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P 161600Z JUN 78

FM AMEMBASSY VIENNA

TO USDOC WASHDC PRIORITY

INFO SECSTATE WASHDC PRIORITY 6842

UNCLAS SECTION 01 OF 02 VIENNA 05532

E.O. 11652: N/A

TAGS: BBSR, AU

SUBJECT: WTD REPORTING ON CHEMIEFASER LENZING A.G.

REF: USDOC 9755

1. LOCAL CREDIT AGENCY HAS PROVIDED FOLLOWING INFO ON  
CHEMIEFASER LENZING A.G. IF EMBASSY RECEIVES ANY  
FURTHER INFO IN COURSE WTDR CHECK, WE WILL REPORT.

2. FOUNDED - 1937

3. TYPE ORGANIZATION - CORPORATION

4. CAPITAL - A.S. 210,000,000 (\$1 A.S. 15)

5. ACTIVITY - THE FOLLOWING ARE UNDER ITS MANAGEMENT:

A CELLULOSE FACTORY; A RAYON-FIBERS FACTORY;  
AN ACRYLLIC-FIBRE FACTORY WITH ADVANCED  
POLYMERIZATION; A PAPER FACTORY; SODIUM-  
SULFATE PRODUCTION; A SULFURIC-ACID FACTORY;  
A FACTORY WHICH PRODUCES SYNTHETIC FOILS,  
SMALL RIBBONS AND FABRICS; A SAW-MILL; ETC.

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PRODUCTION INCLUDES BLEACHED SULFIDE-CELLULOSE,  
SYNTHETIC FIBER CELLULOSE, RAYON-FIBERS WITH THE  
MARK-NAME OF "VISCOLEN", "HOCHMODULL 333",  
"TAPIFLOR", "VISCOLAN", AS WELL AS FLAME-ARRESTING  
SULFURIC ACIDS, ETC.

FURTHERMORE, THERE EXISTS A DEPARTMENT FOR

INSTALLATION AND MACHINE CONSTRUCTION WHICH PRODUCES THE FOLLOWING: HEAVY-DUTY SPINNING-MACHINES FOR SYNTHETIC RAYON-FIBER PRODUCTION, INSTALLATIONS FOR THE PRODUCTION OF SYNTHETIC FOILS, SMALL RIBBONS, WEAVING-LOOM EQUIPMENT FOR THE "SPLIT-WEAVING" PROCESS, MACHINES FOR THE CONTINUOUS WEAVING OF MATERIALS. ABOUT 75 OF PRODUCTION IS EXPORTED. DURING THE PAST 10 YEARS ABOUT A.S. 1 BILLION WAS INVESTED FOR ENVIRONMENTAL CLEAN-UP.

BETWEEN 11,000 AND 15,000 TONS PER ANNUM OF ACRYLLIC FIBRES ARE PRODUCED EACH YEAR. THE COMPLETION OF THIS BRANCH WAS POSTPONED DUE TO CERTAIN DIFFICULTIES. ACRYLLIC AND PAPER PRODUCTION WAS TEMPORARILY HALTED FROM DEC. 24, 1977 THROUGH JAN. 9, 1978. HOWEVER, WORK CONTINUED IN THE OTHER BRANCHES.

6. TURNOVER - 1974 A.S. 2.5 BILL

1975 A.S. 2.2 BILL

1976 A.S. 2.5 BILL

1977 A.S. 2.5 BILL EXPECTED (THE INCREASE TO A.S. 2.7 BILL COULD NOT BE ATTAINED)

7. EMPLOYED - ABOUT 3,800 WORKERS AND EMPLOYEES  
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8. PAYMENTS - THE FINANCIAL SITUATION APPEARS SOUND, OBLIGATIONS HAVING BEEN PROMPTLY MET.

9. EVALUATION - AFTER CLOSING BUSINESS YEAR 1975 WITH A LOSS, A NET PROFIT OF A.S. 11.4 MILL WAS REACHED IN 1976. THIS MADE POSSIBLE A 5 DISTRIBUTION OF DIVIDENDS. BUSINESS YEAR 1977 SHOULD END WITH AN EXPECTED LOSS OF ABOUT A.S. 70 MILL, BECAUSE OF CURRENCY LOSSES AND ALSO WORSENING IN VARIOUS BRANCHES OF THE CHEMICAL-FIBER AREA. DISCUSSIONS ARE SCHEDULED WHICH WILL INCLUDE THE SHUTTING DOWN OF ACRYLLIC-FIBER PRODUCTION AS WELL AS THE URGING OF DEVELOPMENT OF MACHINE PRODUCTION.

10. HISTORY - THE COMPANY WAS SET UP IN 1938 BY THURNGISCHEN ZELLWOLLE AG. SCHWARZA-SAALE, WITH 50 PARTICIPATION OF THE AUSTRIAN INDUSTRY, UNDER THE NAME OF "ZELLWOLLE LENZING AG." IT SET UP A CELLULOSE FACTORY IN LENZING WHICH BEGAN PRODUCTION IN 1939. IN 1940 THE COMPANY TOOK OVER THE ASSETS OF THE THEN "LENZINGER ZELLSTOFF-UND PAPIER FABRIK AG" AND SIMULTANEOUSLY CHANGED THE NAME TO "LENZINGER ZELLWOLLE

UND PAPIER FABRIK AG." THE PRESENT NAME WAS CHOSEN  
IN 1962. IN THE SUMMER OF 1969 THE COMPANY ACQUIRED  
THE COMPLETE STOCK OF LENZINGER ZELLULOSE- UND PAPIER-  
FABRIK AG, WITH WHICH THEY HAD BEEN COOPERATING CLOSELY  
FOR YEARS. WITH THE CONCLUSION OF THE SPECIAL ASSEMBLY  
OF SEPT. 23, 1969, THE COMPANY BECAME A CORPORATION.  
THE MAJORITY OF STOCK IS IN THE POSSESSION OF  
OESTERREICHISCHE LANDESBANK AG, CREDITANSTALT-BANKVEREIN,  
AND THE BANK FOR UPPER AUSTRIA AND SALZBURG. IN MAY  
OF 1966, TOGETHER WITH HOECHST AG (FORMERLY MEISTER  
LUCIUS AND BRUNING) OF FRANKFURT, GERMANY, THE "AUSTRIA  
FASERWERKE GESSELLSCHAFT MBH." (AUSTRIAN FIBER-WORKS  
COMPANY) WAS FOUNDED. IT WAS PUT INTO OPERATION AND  
ENLARGED A YEAR LATER.  
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11. REAL-ESTATE - THE FIRM HAS EXTENSIVE PROPERTY

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UNCLAS SECTION 02 OF 02 VIENNA 05532

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HOLDINGS IN LENZING, UPPER AUSTRIA, REPRESENTING  
IMPORTANT VALUE. IT ALSO HAS PROPERTY IN VIENNA IV,

FLOSSELGASSE 8.

12. BANK CONNECTIONS: (1) LANDESBANK AG

(2) CREDITANSTALT-BANKVEREIN

(3) BANK FUER OBERSOESTERREICH  
AND SALZBURG

13. THE FOLLOWING DATA IS TAKEN FROM THE LAST BALANCE  
SHEET (DEC. 31, 1976):

ASSETS

(1) FIXED ASSETS	S 610,010,258
(2) CURRENT ASSETS	S 960,571,239
(3) TRANSITORY ITEMS	S 4,048,139

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LIABILITIES

(1) CAPITAL STOCK	S 210,000,000
(2) RESERVES	S 433,177,051
(3) RESERVES FOR DEPRECIATION	S 34,529,758
(4) RESERVES FOR SPECIFIC PURPOSES	S 280,475,010
(5) LONG-TERM CREDITS	S 276,076,490
(6) ACCOUNTS PAYABLE	S 322,284,435
(7) TRANSITORY ITEMS	S 6,592,509
(8) NET PROFIT	S 11,494,383
A) LOSS BROUGHT FORWARD	
FROM 1976	S 13,653,526
B) NET ANNUAL PROFIT (1975)	S 25,147,909

14. EMBASSY NOTE: IN A RECENT PRESS ARTICLE ENTITLED  
"CHEMICAL FIBERS: SITUATION REMAINS CRITICAL -- 600  
LAID OFF IN RAYON FIBERS", THE FOLLOWING COMMENT ABOUT  
'CHEMIEFASER LENZING WAS MADE.

QUOTE: WHILE TEXTILE RAYON PRODUCTION IS FACED  
WITH A POSSIBLE SHUT-DOWN, CHEMIEFASER HAS BEEN  
SOMEWHAT MORE OPTIMISTIC. GENERAL DIRECTOR  
WINTER STATED THAT ALTHOUGH NO PROFITS WERE  
EXPECTED THIS YEAR, THE MARKET SITUATION HAS  
IMPROVED SOME OVER LAST YEAR IN THE AREAS OF  
ACRYLLIC-FIBERS AND RAYON-FIBERS.

CHEMIEFASER HOPES TO COUNTER ITS (FIBER)  
CRISIS-SUSCEPTABILITY WITH AN EXPANSION OF ITS  
"PRODUCTION PALETTE". THE FORCED DEVELOPMENT

OF OTHER SPECIAL PRODUCTS WILL HOPEFULLY COUNTER-  
ACT THE DECLINE IN THE FIBERS-MARKET. UNQUOTE.  
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## Message Attributes

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